

THE NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

February 22, 2010

A meeting of the Audit Committee (the “Committee”) of the New York City Transitional Finance Authority (the “Authority”) was held on February 22, 2010 at approximately 4:35 p.m. at 75 Park Place, Room 6M4, New York, New York.

Directors or Designees Present:

- John Liu, Comptroller of the City, represented by Michael Stern
- Christine Quinn, Speaker of the City Council, represented by Raymond Majewski
- David Burney, Commissioner of the Department of Design and Construction of the City, represented by Michael Garrett
- David Frankel, Finance Commissioner, represented by Dara Jaffee

A quorum of directors was present. Uyen Nguyen served as secretary of the meeting.

Also in attendance were members of the public, officers of the Authority, and employees of various agencies of the City.

The meeting was called to order by Mr. Majewski, Chair of the Committee.

Approval of Minutes

The first item on the agenda was the approval of the minutes of the meeting of the Committee which occurred on September 25, 2009. Upon motion duly made and seconded, there being no objections, the following resolution to adopt such minutes was duly approved:

WHEREAS, the Audit Committee of the New York City Transitional Finance Authority has reviewed the minutes of the previous meeting of the Audit Committee held on September 25, 2009; it is therefore

RESOLVED, that the minutes of the Audit Committee meeting of September 25, 2009, are hereby approved.

Review and Acceptance of Management Letter

The second item on the agenda was the review and acceptance of the management letter from the Authority’s independent auditors, Marks Paneth & Shron, LLP (“Marks Paneth”). Michele Levine, the Authority’s Comptroller, briefly summarized the contents of the letter, informing the Committee that the auditors found no issues with the internal controls.

Evaluation of Independent Auditors and Authorization of Engagement Letter

The third item on the agenda was the evaluation of the independent auditors and the authorization of an engagement letter. Mr. Majewski explained that Marks Paneth has served as the Authority's independent auditors for the last two years. Ms. Levine stated that management was satisfied with Mark Paneth. A motion was made to adopt the resolution set forth below recommending that the Board of Directors of the Authority authorize the Authority's Officers to sign an engagement letter with Marks Paneth as the Authority's independent auditors for fiscal year 2010. The motion was seconded and, there being no objection, approved.

WHEREAS, the Audit Committee of the New York City Transitional Finance Authority (the "Authority") is authorized under the Audit Committee Charter, to recommend to the Board of Directors of the Authority the appointment and retention of the Authority's independent auditors; and

WHEREAS, the Authority, as authorized by the Board of Directors, previously retained the firm of Marks Paneth & Shron LLP for such firm to serve as independent auditors for the Authority's financial statements for the fiscal years ending on June 30, 2008, 2009 and 2010; and

WHEREAS, the Officers of the Authority have expressed their satisfaction with the independent auditors and recommended that the Authority sign an engagement letter for Marks Paneth & Shron LLP for the audit of the Authority's financial statements for the fiscal year ending June 30, 2010; it is hereby

RESOLVED, that pursuant to the Audit Committee Charter, the Audit Committee has evaluated the independent auditors and found their performance to be satisfactory; and

FURTHER RESOLVED, that the Audit Committee recommends that the Board of Directors authorize the Authority's Officers to sign an engagement letter with Marks Paneth & Shron LLP for the audit of the Authority's financial statements for the fiscal year ending June 30, 2010, as well as any other documents necessary to effectuate the continued retention of the independent auditors.

Review of Annual Agency Financial Integrity Compliance Statement

The fourth item on the agenda was the review of the annual Financial Integrity Compliance Statement. Ms. Levine explained that pursuant to Section 6.1(5) of Directive 22 of the Comptroller the Committee must review the Authority's annual Financial Integrity Compliance Statement. She briefly described the statement. A motion was made to adopt the resolution set forth below. The motion was seconded and, there being no objection, approved.

WHEREAS, pursuant to section 6.1(5) of Directive 22 of the Office of the Comptroller of the City of New York (the "Comptroller"), the Audit Committee of the New York City Transitional Finance Authority (the "Authority") is required to review and evaluate the

annual Financial Integrity Statements as required by Section 7.0 of Directive 22 and the Comptroller's Directive 1; and

WHEREAS, the Audit Committee of the Authority has reviewed and evaluated the Authority's draft Financial Integrity Statements; it is hereby

RESOLVED, that the Audit Committee finds the Authority's Financial Integrity Statements to be satisfactory and complete and authorizes the Authority's Comptroller to approve any necessary changes before the Statements are submitted.

Annual Self-Evaluation and Annual Report of the Audit Committee

The fifth item on the agenda was the Committee's annual self-evaluation and the approval of the Committee's Annual Report. Mr. Majewski referred the Committee to the attached report, which contained a summary of the Committee's actions during calendar year 2009. A motion was made to adopt the resolution set forth below expressing the Committee's satisfaction with its performance and approving the Annual Report of the Committee. The motion was seconded and, there being no objection, approved.

WHEREAS, Section III(k) of the Audit Committee Charter and Section 6.3 of Directive 22 of the City of New York Office of the Comptroller require the Audit Committee to issue an annual report to be prepared no later than October 30 of each year, which details the activities and decisions of the Committee for the prior calendar year; and

WHEREAS, the Audit Committee has reviewed the Annual Report of the Audit Committee, as attached hereto and finds it to be reasonable; and

WHEREAS, Section III(j) of the Audit Committee Charter requires the Audit Committee to conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the Audit Committee Charter; and

WHEREAS, the Audit Committee finds its performance to be satisfactory, effective, and in compliance with the Audit Committee Charter; it is therefore

RESOLVED, that the Annual Report of the Audit Committee is hereby approved and shall be presented to the Board of Directors of the New York City Transitional Finance Authority, copies of which shall be filed with the minutes of the Audit Committee and submitted to the Bureau of Accountancy of the Office of the Comptroller.

Annual Review and Approval of the Audit Committee Charter and Charter Schedule

The sixth item on the agenda was the annual review and approval of the Audit Committee Charter ("Charter") and Audit Committee Schedule ("Schedule"). Mr. Majewski explained that no change was made to the Charter, however, some changes were made to the Schedule. A motion was made to adopt the resolution set forth below approving the Committee's Charter and Schedule. The motion was seconded and, there being no objection, approved.

WHEREAS, the Board of Directors (the “Board”) of the New York City Transitional Finance Authority (the “Authority”) originally adopted an Audit Committee Charter on September 20, 2007 and has subsequently amended it; and

WHEREAS, pursuant to the Audit Committee Charter, section III(s), the Audit Committee of the Authority is required annually to review the Audit Committee Charter, reassess its adequacy, and recommend any proposed changes to the Governance Committee of the Authority; and

WHEREAS, pursuant to the Audit Committee Charter, section III(u), the Audit Committee of the Authority is required to develop a schedule of dates by which the requirements of the Charter shall be carried out; and

WHEREAS, the Audit Committee has reviewed the Audit Committee Charter, as attached hereto, and the Audit Committee Schedule, as amended and attached hereto, and finds them to be reasonable and appropriate; it is hereby

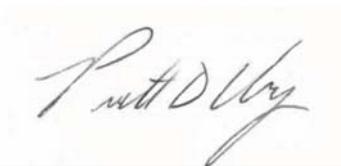
RESOLVED, that the Audit Committee hereby approves the Audit Committee Charter as adopted and subsequently amended, and further, approves the Audit Committee Schedule as attached.

Annual Review of Internal Controls

The last item on the agenda was the annual review of the Internal Controls of the Authority, Pursuant to Section III(h) of the Committee’s Charter. Ms. Levine explained that the Authority’s Policies and Procedures Manual regarding Internal Controls was included in the Committee’s package. She noted that there were no changes to the document.

Adjournment

There being no further business to come before the members of the Committee, upon motion duly made and seconded, there being no objections, the meeting was duly adjourned.



GENERAL COUNSEL